Parole Board of Canada | Commission des libérations conditionnelles du Canada

Quarterly Financial Report for the Quarter ended September 30, 2015

Canada

Parole Board of Canada

Introduction

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board Accounting Standard 1.3. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates. It has not been subject to an external audit or review.

Authority and Objectives

The Parole Board of Canada (PBC or the Board) is an independent administrative tribunal responsible for making decisions about the timing and conditions of release of offenders to the community on various forms of conditional release. The Board also makes record suspension decisions and recommendations for the exercise of clemency through the Royal Prerogative of Mercy (RPM).

Legislation governing the Board includes the *Corrections and Conditional Release Act* (CCRA), the *Criminal Records Act* (CRA), and the *Criminal Code*. The CCRA empowers the Board to make conditional release decisions for federal offenders and offenders in provinces and territories without their own parole boards. Provincial Boards currently exist in Quebec and Ontario. The CRA entitles the Board to order, deny and revoke record suspensions for convictions under federal acts or regulations. The Governor General or the Governor in Council approves the use of the RPM for those convicted of a federal offence, in all jurisdictions, based on investigations by the Board and recommendations from the Minister of Public Safety.

The Board has one strategic outcome: Conditional release and record suspension decisions and decision processes that safeguard Canadian communities. This strategic outcome is the cornerstone of the Board's public accountability and reporting of results.

Further details on the Board's authority, mandate and program activities may be found in the PBC's Report on Plans and Priorities.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2015-2016 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The Board uses the full accrual method of accounting to prepare and present its annual departmental financial statements which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of Fiscal Quarter and Fiscal Year to Date Results

Significant Changes to Authorities

As at September 30, 2015, total authorities available for the year have decreased by $0.7M compared to the same quarter of the previous year, from $49.1M to $48.4M. The major changes are as follows:

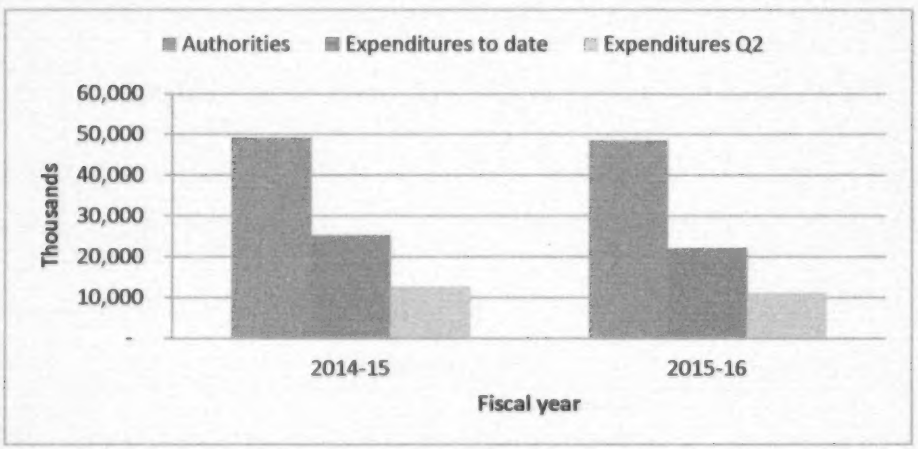
Quarter 1:

- A decrease of $1.4 million due to the net results of reprofiling funds between various fiscal years for the department's Medium to Long Term Accommodation Plan for Program Delivery;
- An increase of $0.7 million for additional workload related to Escorted Temporary Absences;
- An increase of $0.1 million related to the Employee Benefit Plan;
- An increase of $0.1 million due to the compensation for collective agreement.

Quarter 2:

- A decrease of $0.1M in regards to the annual amount of operating budget carried-forward from the previous fiscal year.
- A decrease of $0.1M for Back office Transformation

Figure 1 – Second Quarter Expenditures Compared to Annual Authorities



Significant Changes to Gross Budgetary Expenditures

Year-to-date (YTD) net spending decreased by $3.2M or 13% in 2015-16, compared with the same quarter in 2014-15. Gross budgetary expenditures decreased by $3.1M or 12% and the revenue increased by $94K or 5% in 2015-16 compared to 2014-15. As a percentage of planned expenditures, year-to-date gross spending in the second quarter of 2015-16 decreased over that of 2014-15, to 44% compared to 50% ($23.9M in 2015-16 and $27.1M in 2014-15).

The following paragraphs provide detail of significant changes, focusing on occurrences in the second quarter:

- Personnel expenditures decreased by $827K or 7% in the second quarter of 2015-16 ($1,177K or 5% year-to-date). This decrease is partially due to decreased usage of Part-Time Board Members following the increased in the usage of videoconferencing for hearings as well as staff reductions in the Pardon backlog group.

- Transport and Communications decreased by $181K or 25% from $727K in the second quarter of 2014-15 to $546K in the corresponding period in 2015-16. The majority of this decrease is due to a reduction in relocation costs for newly appointed Board members.

- Professional and special services decreased by $71K or 9% in the second quarter of 2015-16 compared to the same period in the previous year. This is due to lower translation costs resulting from a lower volume of translation requests, as well as timing differences in payment of legal fees. The first payment for legal services was made in the second quarter of 2014-15 but was made in the first quarter of 2015-16.

- Rentals decreased by $69K or 70% from $99K in the second quarter of 2014-15 to $30K in the corresponding period in 2015-16. In 2014-15 the Board leased additional space for temporary staff to work on the Pardon backlog. This lease ended in 2014-15, accordingly there is a significant reduction in rental expenses.

- Repair and maintenance decreased by $39K or 85% compared with the second quarter last year. This decrease is related to expenditures for the Board's renovation costs at National Office, which were finalized in 2014-15.

Significant Changes to Revenues Collected

The number of record suspension applications accepted in the second quarter of 2015-16 was 2,485, which is 19% more than the same quarter in 2014-15. This resulted in a corresponding 20% or $197K increase in revenues collected in the second quarter of 2015-16 compared to 2014-15.

Risks and Uncertainties

The PBC receives its funding through annual Parliamentary authorities. As a result, its operations are affected by any changes in funding approved through Parliament. The Board collects user fees for

processing record suspension applications, and has the authority to spend revenues received during the year on activities related to processing applications for record suspensions. If lower than expected volume persists, this will have an impact on the Board's net financial situation.

Significant Changes in Relation to Operations, Personnel and Programs

On August 24, 2015, Talal Dakalbab was named Executive Director General.

Approval by Senior Officials

Approved by,

Harvey Cenaiko	Cathy Gaudet, CPA, CA
Chairperson	Chief Financial Officer

Ottawa, Canada
November 17, 2015

Statement of Authorities (unaudited)

(In thousands of dollars)	Fiscal year 2015-2016			Fiscal year 2014-2015		
	Total available for use for the year ending March 31, 2016*	Used during the quarter ended September 30, 2015	Year to date used at quarter-end	Total available for use for the year ending March 31, 2015*	Used during the quarter ended September 30, 2014	Year to date used at quarter-end
Vote 1 – Program expenditures	48,169	10,833	21,034	48,989	12,188	24,238
Less revenues netted against expenditures	5,645	1,176	1,891	5,645	979	1,797
Total net Program expenditures	42,524	9,657	19,143	43,344	11,209	22,441
Budgetary statutory authorities - EBP	5,894	1,474	2,947	5,771	1,443	2,886
Total authorities	48,418	11,131	22,090	49,115	12,652	25,327

Departmental Budgetary Expenditures by Standard Object (unaudited)

(In thousands of dollars)	Fiscal year 2015-2016			Fiscal year 2014-2015		
	Planned expenditures for the year ending March 31, 2016*	Expended during the quarter ended September 30, 2015	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2015*	Expended during the quarter ended September 30, 2014	Year to date used at quarter-end
Expenditures						
Personnel	42,955	11,018	21,895	42,291	11,845	23,072
Transportation and communications	4,585	546	906	3,752	727	1,163
Information	339	14	26	235	40	50
Professional and special services	4,590	677	950	4,665	748	1,051
Rentals	249	30	53	313	99	172
Repair and maintenance	107	7	18	1,465	46	52
Utilities, materials and supplies	471	47	72	509	57	80
Acquisition of machinery and equipment	765	32	47	1,531	55	168
Other subsidies and payments	2	(64)	14	(1)	14	1,316
Total gross budgetary expenditures	54,063	12,307	23,981	54,760	13,631	27,124
Total revenues netted against expenditures	5,645	1,176	1,891	5,645	979	1,797
Total net budgetary expenditures	48,418	11,131	22,090	49,115	12,652	25,327

*Includes only Authorities available for use and granted by Parliament at quarter end.